

## **BILL ANALYSIS**

Senate Research Center

S.B. 2520  
By: Bettencourt  
Local Government  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Since the late 1990s, the law has authorized a freeze on your homestead ISD taxes in the year you turn 65 or become disabled. Section 11.26(a), Tax Code, previously allowed a two-year comparison for homeowners who become eligible for the 65 and over ceiling, often called a freeze. Homeowners who turned 65 and qualified for the school tax ceiling were allowed to qualify in the year they turned 65 or the subsequent year. Whichever year had the lower amount, that was the amount at which the taxes were limited.

S.B. 2, 88th Legislature, Second Called Session, provided much-needed property tax relief to many Texans. However, after S.B. 2's implementation, the new bill language related to the two-year comparison for over-65 homestead freeze properties caused many jurisdictions confusion. An attorney general opinion was sought to seek clarification and determine whether the two-year comparison was still authorized. Attorney General Opinion No. KP-0470 determined that the two-year comparison provision was changed and no longer authorized under current law. Many property tax administrators have kept the two-year comparison because it benefits the taxpayer.

S.B. 2520 will clarify current law for the two-year comparison under Subsection (a) and will ensure tax rate compression is taken into account in the comparison. This would ensure all property tax administrators treat the calculation the same by ensuring the two-year comparison.

As proposed, S.B. 2520 amends current law relating to the calculation of the limitation on the total amount of ad valorem taxes imposed by a school district on the residence homestead of an individual who is elderly or disabled.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 11.26, Tax Code, by adding Subsection (a-11), as follows:

(a-11) Provides that, in the tax year immediately following the first tax year the individual qualified a residence homestead for an exemption after the beginning of that first year and the residence homestead remains eligible for the same exemption, the limitation on tax increases provided by Section 11.26 (Limitation of School Tax on Homesteads of Elderly or Disabled) is the lesser of the amount of tax imposed by the school district on that homestead in the preceding tax year adjusted as provided for in Subsection (a-10) (relating to providing that if an individual qualifies for a limitation on tax increases on their residence homestead, the limitation is equal to a certain amount) or the amount of ad valorem taxes imposed on the homestead in the tax year immediately following the first year of qualification of a homestead.

SECTION 2. Provides that the change in law made by this Act is intended only to clarify existing law with respect to school district tax limitations.

SECTION 3. Effective date: January 1, 2026.